

### **A Reasonable Pact**

Every international trade agreement involves some give and take. The latest such pact before the U.S. Senate appears to provide more take than give for North Carolina.

The Central American-Dominican Republic Free Trade Agreement, which is also known as CAFTA-DR, is a treaty among the United States, five Central American states and the Dominican Republic. It provides for the immediate relinquishing of many quotas and tariffs among the countries and their elimination in 15 years.

The six countries together are a trading market of 44 million people who already buy \$1.7 billion worth of North Carolina exports every year. Combined, these countries are a larger trading partner for the United States than either Australia or Brazil.

Trade agreements are understandably suspect in North Carolina. The North American Free Trade Agreement may have been good, overall, for the United States, but that benefit came at the expense of many textile and apparel workers here. The U.S. Department of Commerce says that North Carolina will be one of the biggest beneficiaries of CAFTA-DR.

This agreement differs from NAFTA in that the United States already allows these six countries to sell billions of dollars worth of goods here duty free. According to Commerce, 80 percent of their exports are duty free while few American exports to these countries enjoy that status.

CAFTA-DR is designed to actually help the American textile industry. The hope is that the pact will help apparel makers in the six countries fend off the assault of Chinese exports. They will be using fabric woven in the United States and the other signatory nations when they do.

The pact should also be good for farmers. Almost every farm organization favors the agreement. American pork producers are especially supportive because they see a chance for real growth in the six countries. Among other North Carolina industries, information technology, paper products and chemicals are also expected to fare well.

President Bush has pushed CAFTA-DR on the grounds that it is good for all seven nations involved. In particular, he argues that it will help bring economic development to the six other countries, thus helping their democratic movements, too.

Trade pacts of this nature always raise worries of environmental damage. The signatories insist that they have written adequate environmental protections into the treaty, but this is one area that will need constant monitoring.

In all, CAFTA-DR appears to be a good deal for North Carolina and the United States.